IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA

Mary Katherine Harris, on behalf of herself and all persons or entities similarly situated, Plaintiff, v. Chevron, U.S.A., Inc., et al, Defendant.	Case No. CIV-15-94-C

AMENDED COMPLAINT

INTRODUCTION

On the 5th day of December, 2014, the plaintiff, for herself and all others similarly situated, filed their original petition in the District Court of Grady County, Oklahoma. On the 23rd day of December, 2014, the plaintiff, for herself and all others similarly situated, filed their amended class action petition in the District Court of Grady County, Oklahoma. On January 20, 2015, the defendants Chevron U.S.A., Inc., Four Star Oil & Gas Co., McFarland Energy, Inc., Chevron Midcontinent, L.P. and Union Oil Company of California removed this case from State Court to this Court by filing their Notice of Removal with the State Court.

Subsequently, on the 18th day of February, the above referenced defendants filed their Motion to Dismiss plaintiffs' Amended Petition stating that plaintiffs' Amended Petition, "although perhaps sufficient for filing in Oklahoma State court, contains nothing more than the naked assertions devoid of further factual enhancement the Supreme Court has found to be insufficient to state a claim in federal court".

In response to defendants' motion, the plaintiff, for herself and all others similarly situated incorporates their Petition and Amended Petition and adds the following as their Amended Complaint as follows:

1. Defendants operate and own working interests on numerous oil and gas leases in Oklahoma. According to the defendants' Notice of Removal, defendants have leased and operated oil and gas wells in Oklahoma.

2. Defendants are solely responsible for the proper determination, calculation, reporting distribution, and payment of royalties attributable to production and sale of produced hydrocarbons derived from these oil and gas leases, to at least 5,900 royalty owners in Oklahoma wells.

3. Defendants have failed and continue to fail to pay the full royalties owed as measured by the actual production of hydrocarbons and the uniform payment provisions of the royalty agreements on leases whereby Defendants have leased the right to explore for, drill for, produce, extract and take oil, gas and other hydrocarbons from the leased land in consideration of payment of such royalties.

4. Plaintiff and all others similarly situated own royalty interests which entitle them to royalty interest payments based upon the true and correct value and full quantity

of hydrocarbons produced and removed from their leased land, and the uniform payment provisions of the royalty agreements.

5. Defendants, as operators and working interest owners of these oil and gas leases, have secretly underpaid royalties based upon the true production of oil, gas and other hydrocarbons, and concealed such underpayment from royalty interest owners.

6. Plaintiff brings this lawsuit as a class action pursuant to Class Action Fairness Act ("CAFA"), 28 U.S.C. §133 on behalf of herself and all others similarly situated (collectively referred to herein as "Class Members") who have royalty interests in wells operated and owned by Defendants, and have not received the full royalty interest payments they are owed, nor have they been paid timely for their full 12% APR statutory interest.

THE PARTIES

A. Plaintiff

7. Plaintiff, Mary Katherine Harris, owns a royalty interest in all oil and gas produced by Oklahoma Wells. Ms. Harris resides in the State of Texas and her interest is similar to the interests of the proposed "Class Members".

B. Defendants

8. Chevron USA, Inc. is a Pennsylvania Corporation with its principal place of business in San Ramon, California and it does business in Oklahoma.

9. Four Star Oil & Gas Co. is a Delaware Corporation with its principal place of business in Houston, Texas but it does business in Oklahoma.

McFarland Energy, Inc. is incorporated in Delaware with its principal place of business in San Ramon, California, but which does business in Oklahoma.

10. "***Chevron***," as used hereafter, means collectively, Defendants, Chevron USA, Inc., Pure Partners, L.P., Chevron Appalachia, LLC, and each of them, their subsidiaries, related entities, and affiliates, and their predecessors in interest with respect to the leases, including, but not limited to, Union Oil Company of California, and Chevron Michigan, LLC. Defendant Chevron Midcontinent L.P. is a Texas limited partnership with its principal place of business in San Ramon, California, but which does business in Oklahoma.

11. Defendant Union Oil Company of California is a California corporation with its principal place of business in San Ramon, California, but which does business in Oklahoma.

12. Plaintiff, upon information and belief, alleges that Defendants were each the agent and/or joint venturer of the other Defendants and in performing the acts alleged in this Complaint were acting within the course and scope of that agency, and any reference to "Defendant" or "Defendants" shall mean "Defendants and each of them." Defendants are individually, jointly and severally liable as to Plaintiff and each Class Member because directly or indirectly, or through an agent or any other

person, they have been underpaid, and belatedly paid, for royalties and interest, but not in correct amounts.

13. All allegations in this complaint except as to the facts relating to Plaintiff that are based upon its knowledge, are based upon information and belief, or are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery. Whenever allegations in this complaint are contrary or inconsistent, such allegations shall be deemed alternative.

JURISDICTION AND VENUE

14. Each defendant has sufficient minimum contacts with Oklahoma or otherwise purposefully avails itself of the benefits from Oklahoma or has property in Oklahoma so as to render the exercise of jurisdiction over it by the Oklahoma Courts consistent with traditional notions of fair play and substantial justice.

15. Jurisdiction and venue are proper m this Court because the amount in controversy exceeds the minimum of this Court, and by virtue of the fact that the complained-of acts and practices giving rise to this action took place, in whole or in part, in the State of Oklahoma; and Defendants' contractual obligations to Plaintiff and other members of the proposed Class are to be performed in Oklahoma.

16. Jurisdiction and venue are further proper in this case because of the removal by the defendants of this case from the District Court of Grady County, Oklahoma.

COMMON FACTUAL ALLEGATIONS

17. ***Leases*** means all documents under which Defendants, or its predecessors, and any Class Member have both owned interests in oil, gas or hydrocarbon wells located in Oklahoma, including leases, assignment of leases that convey or reserve royalty interests therein, and other documents conveying or reserving royalty interests in such wells.

18. A ***Royalty Interest*** is a share of oil, gas, and other hydrocarbon production, or its value, attributable to minerals subject to an oil and gas lease that is deliverable or payable to the lessor by the lessee. A Royalty Interest is typically reserved to the owner of mineral property upon leasing to a lessee-operator the right to explore and drill for and produce oil and gas. All such interests are referred to herein as ***Royalties***.

19. ***Gas*** means natural gas and/or associated liquid hydrocarbons, but does not include oil, condensate or other liquid hydrocarbons recovered by mechanical separators at or near the wellhead and before the natural gas and associated liquid hydrocarbons are both measured for volume and sampled for Btu content.

20. ***Chevron*** has been and is now obligated to pay Royalties to Plaintiff and all Class Members in accordance with the terms of oil and gas leases, assignment of leases reserving overriding royalties, terms of certain amendments, conveyances, and assignments of oil and gas lease sale agreements describing the Royalty Agreements or through corporate succession/acquisition including, but not limited to, Defendants' predecessors-in-interest.

21. Plaintiff and all Class Members are owed and have received Royalties from

Chevron or its predecessors-in-interest under Leases entered into in the State of Oklahoma from which oil, Gas, or other hydrocarbons have been produced by Chevron.

22. As lessee and/or operator, Chevron is responsible for the proper determination, calculation, reporting, distribution, and timely payment of Royalties due and owing to Plaintiff and Class Members on oil, gas, and other hydrocarbons produced by Chevron.

A. Defendants Have Breached the Leases and Harmed Plaintiff and All Members of the Class.

23. Plaintiff and Class Members are entitled to Royalties by contract. However, Chevron has breached its contractual obligations in a number of ways. These breaches include, but are not limited to, the following:

a. Chevron has failed to record, report, calculate and pay Royalties based on the actual gross production as it is required to do under the relevant governing Leases.

b. Chevron has failed to record, report, calculate and pay Royalties based upon daily production volumes as it is required to do under the relevant governing Leases.

c. Chevron has incorrectly calculated and incorrectly applied the customary adjustments for temperature, water, and basic sediment in violation of the relevant governing Leases.

d. Chevron has impermissibly adjusted the production figures and, by extension, has falsely reduced gross production volumes and reduced

Royalties in violation of the relevant governing Leases.

e. Chevron has failed to report, calculate, and timely pay Royalties based upon the posted available market price at the well for oil of like gravity on the day the oil is removed as it is required to do under the relevant governing Leases.

f. Chevron has impermissibly calculated and paid Royalties based on un-weighted monthly average pricing and gravity reduction factor, in lieu of applying the posted price and gravity reduction factor effective on the actual date of removal of oil, as it is required to do under the relevant governing Leases.

g. Chevron has impermissibly calculated and paid Royalties based on an un- weighted average of other oil companies' monthly average posted prices and gravity reduction factors at other wells, in lieu of applying Chevron's actual posted price and gravity reduction factor at the subject well, as it is required to do under the relevant governing Leases.

h. Chevron has impermissibly calculated and paid Royalties based on a price substantially lower than the actual invoiced market prices charged to purchasers of the subject oil in breach of the relevant governing Leases.

i. Chevron has impermissibly calculated and paid Royalties based on an adjusted price by applying an unspecified "surcharge" to reduce the purported posted price in breach of the relevant governing Leases.

j. Chevron has incorrectly calculated and applied an adjustment to "posted available market price" for the weighted average specific gravity of the oil produced, by, among other ways, applying a multi-oil company, monthly average gravity reduction factor for a different well and field, in lieu of Chevron's daily, posted gravity reduction factor for the subject well in breach of the relevant governing Leases.

k. Chevron has applied an impermissible adjustment to reduce Royalties for taxes other than those assessed against the petroleum minerals or severance taxes (or other tax based upon the value of oil produced) in breach of the governing Leases.

l. Chevron has improperly calculated and applied these adjustments to reduce Royalty payments by taxes assessed against the petroleum minerals or severance taxes (or other tax based upon the value of oil produced).

m. Chevron has improperly calculated and applied cost adjustments to reduce Royalty payments for natural gas and electricity used in production, in breach of the governing leases.

n. Chevron entered into non-arm's length transactions with itself, wholly-owned subsidiaries, controlled affiliates, and other colluding entities for the purchase and sale of oil, gas and other hydrocarbons from the subject wells and leases, thereby falsely manipulating and concealing the true market price and impermissibly reducing royalty payments, in breach of the governing leases.

o. Chevron entered into non-arm's length transactions with itself, wholly-owned subsidiaries, controlled affiliates, and other colluding entities for the purchase of energy, including oil, gas and other hydrocarbons, to be used in production at the subject wells and leases, thereby falsely inflating and concealing the true market price for said purchased production energy and impermissibly reducing royalty payments, in breach of the governing leases.

p. Chevron has engaged in a fraudulent plan and scheme to conceal the true methodology by which it determined and paid Royalties to Plaintiff and Class Members (including in the foregoing manners), in part by providing false and misleading monthly remittance statements, obstructing discovery by lessors, and/or preparing false and misleading documentation.

B. Chevron Has Fraudulently Concealed the True Production and Royalty Interests Owed To Plaintiff and All Members of the Class

24. At all relevant times, Chevron has had actual knowledge of the total extracted oil amounts, price, value, and proceeds enjoyed by it for the subject oil production. These moneys have been greater than the corresponding amounts on which its Royalties have been calculated and paid to the Plaintiff and other members of the Class.

25. Chevron has taken steps to conceal this information from Plaintiff and Class Members. In this regard, Chevron has, among other things, uniformly provided

Plaintiff and members of the Class with uninformative, false, and misleading monthly remittance statements that fail to disclose and/or conceal the breaches described above, including, but not limited to, the reduction in the Royalties due to Chevron's retention of oil, the underreporting gross production volume and/or failure to calculate and pay royalties based on the actual gross production volumes, and the failure to calculate and pay royalties based on agreed pricing terms, all in violation of the governing lease agreements.

26. Chevron represents to Plaintiff and all Class Members, on a monthly basis, that a proper accounting has been made, but through a series of deliberate common omissions and misrepresentations, Plaintiff and Class Members do not receive a proper accounting.

27. This false reporting and fraudulent concealment has caused Plaintiff and all Class Members to reasonably and actually believe that all Royalties have been properly paid and that Chevron has properly accounted to Plaintiff and all Class Members for the Royalties they were owed.

28. Chevron conspired to deprive Plaintiff and the Class Members of production proceeds through fraudulent schemes and has continuously, fraudulently and deceptively concealed these schemes by falsely reporting information, concealing information, and/or failing to report correct information to Plaintiff and the Class.

29. Chevron has actively misrepresented and fraudulently concealed data and information exclusively within their possession, custody, or control from which Plaintiff and the Class Members could have learned or advanced their claims, to the ultimate

detriment and damage of Plaintiff and the Class. Plaintiff and the Class Members relied upon Chevron's misrepresentations and have been and continue to be damaged as a result.

30. Chevron is and has always been fully aware of the duties and obligations incumbent on them. Chevron is likewise fully aware of its breach of these duties and obligations, but has not taken action to fully cure their violations.

31. To the extent that CHEVRON relies on any statute of limitation as a defense, Plaintiff and the Class claims that, under the facts at issue here, the doctrine of equitable estoppel or tolling, open account, discovery rule and other defenses apply to toll the running of any statute of limitations

CLASS ACTION ALLEGATIONS

32. Plaintiff brings this action on behalf of itself, and the other Class Members.

33. The requested class membership includes those individuals and entities who previously owned the subject Royalties and those who presently own such interests and who have been paid by Chevron subject to Leases described herein.

34. The Class consists of:

> All present and former owners of royalty interests which burden Oil and gas leases and wells in Oklahoma now or formerly held by Chevron or their predecessors-in-interest, who have been paid or are currently receiving compensation for those royalty interests under Leases on Oil and Natural Gas and Liquids from wells located in the State of Oklahoma,

The Class excludes agencies, departments, or instrumentalities of the State of Oklahoma and the federal government, including the federal government's proprietary status and as trustee for Native American/Indian tribes or individual Native American/Indian lessors, or any other person or entity which collects royalties. The Class also excludes the defendants and their predecessors and successors.

35. Plaintiff is informed and believes that there are over 5,900 members of the Class, thus the numbers are so numerous that joinder is impractical. Chevron owns or operates or has owned or operated oil and gas leases in Oklahoma, each with multiple royalty owners. The disposition of the subject claims in a class action will provide substantial benefits both to the parties and the court system.

36. The royalty payment provisions under the Class Members' royalty agreements are uniform or substantially uniform in all respects relevant to this complaint, Further, for purposes of computing and making monthly payment of Royalties to members of the Class, Chevron makes no distinction based upon the particular phraseology of the royalty agreements, but treats all Royalties owners the same for calculation and payment of monthly Royalties remittances.

37. At all relevant times, Chevron has calculated and remitted Royalties to the Plaintiff and the Class Members employing the same improper methods in violation of uniform, governing Lease language described above, including, but not limited to: (a) the failure to record ,report, calculate and pay Royalties based on the actual gross production; (b) the failure to record ,report, calculate and pay royalties based upon daily production

volumes; (c) the incorrect calculation and application of the customary adjustments for temperature, water, and basic sediment; (d) impermissible adjustments to falsely reduce gross production volumes and Royalties payments; (e) the failure to report, calculate, and pay royalties based upon the posted available market price at the well for oil of like gravity on the day the oil is so removed; (f) impermissibly calculating and paying royalties based on un-weighted monthly average pricing and gravity reduction factor, in lieu of applying the posted price and gravity reduction factor effective on the actual date of removal of oil; (g) impermissibly calculating and paying royalties based on an un-weighted average of other oil companies' monthly average posted prices and gravity reduction factors at other wells, in lieu of applying Chevron's actual posted price and gravity reduction factor at the subject well; (h) impermissibly calculating and paying royalties based on a price substantially lower than the actual invoiced market prices charged to purchasers of the subject oil; (i) impermissibly calculating and paying royalties based on an adjusted price by applying an unspecified "surcharge" to reduce the purported posted price; (j) incorrectly calculating and applying an adjustment to "posted available market price" for the weighted average specific gravity of the oil produced by, among other ways, applying a multi-oil company, monthly average gravity reduction factor for a different well and field, in lieu of Chevron's daily, posted gravity reduction factor for the subject well; (k) applying an impermissible adjustment to reduce royalty payments for taxes other than those assessed against the petroleum minerals or severance taxes (or other tax based upon the value of oil produced); (1) improperly calculating and applying the adjustment to reduce royalty payments for taxes assessed against the petroleum minerals and severance taxes (or other tax based upon the value of oil produced); (m) improperly calculating and applying cost adjustments to reduce royalty payments for natural gas and electricity used in production; (n) entering non-arm's length transactions for the purchase and sale of oil, gas, and other hydrocarbons from the subject wells and leases, thereby falsely manipulating and concealing the true market price and improperly reducing royalty payments; (o) entering non-arm's length transactions for the purchase of energy, including oil, gas, and/or other hydrocarbons, used in production at the subject wells and leases, thereby falsely manipulating and concealing the true cost of such production energy and improperly reducing royalty payments; and (p) engaging in a fraudulent plan and scheme to conceal the true methodology for determination and payment of royalty payments (including in the foregoing manners), by providing false and misleading monthly remittance statements, and/or preparing and providing false and misleading documentation.

38. Plaintiffs claims are typical of the claims of the Class. Plaintiff is a member of the Class it seeks to represent. Members of the Class are ascertainable from Plaintiffs description of the Class and/or Defendants' records and the Class is sufficiently numerous.

39. Plaintiff will fairly and adequately represent the members of the Class and has no interests that are antagonistic to the claims of the Class. Plaintiffs interests in this action are antagonistic to the interests of Defendants, and Plaintiff will vigorously pursue

the claims of the Class. Plaintiff is a member of the Class, and similarly situated to the other members of the Class and is an adequate representative of the Class.

40. The representative Plaintiff has retained competent and experienced litigation counsel who are AV rated and who have successfully represented plaintiffs in other complex actions in Oklahoma, Texas, Colorado, Arkansas, etc., which have resulted in numerous multi-million dollar settlements and/or verdicts.

41. Common questions of law and fact impact the rights of each member of the Class and a common remedy, by way of permissible damages, injunctive relief, and/or declaratory relief and accounting, is sought for the Class.

42. There are numerous and substantial questions of law and fact common to all members of the Class which will predominate over any individual issues. These common questions of law and fact include, without limitation:

a. The methodology and underlying records used by Chevron to calculate Royalties due to Royalty Owners;

b. The types of fees, costs, and expenses charged by Chevron to Royalty Owners;

c. The methodology underlying records used by Chevron to calculate the fees, costs, and expenses charged by Chevron to Royalty Owners;

d. Whether the fees, costs, and expenses charged by Chevron to Royalty Owners are improper and/or excessive as a matter of law and/or fact;

e. Whether Chevron failed to pay Royalties based on the actual gross production;

f. Whether Chevron failed to record, report, calculate and pay Royalties based upon daily production volumes;

g. Whether Chevron incorrectly calculated and/or incorrectly applied customary adjustments for temperature, water, and basic sediment;

h. Whether Chevron falsely reduced gross production volumes and Royalties payments;

i. Whether Chevron failed to report, calculate, and pay Royalties based upon the posted available market price at the well for oil of like gravity on the day the oil is so removed;

j. Whether Chevron impermissibly calculated and impermissibly paid Royalties based on un-weighted monthly average pricing and gravity reduction factor, in·lieu of applying the posted price and gravity reduction factor effective on the actual date of removal of oil;

k. Whether Chevron impermissibly calculated and paid Royalties based on an un-weighted average of other oil companies' monthly average posted prices and gravity reduction factors at other wells, in lieu of applying Chevron's actual posted price and gravity reduction factor at the subject well;

l. · Whether Chevron impermissibly calculated and paid Royalties based on a price substantially lower than the actual invoiced market prices charged to purchasers of the subject oil;

m. Whether Chevron impermissibly calculated and paid Royalties based on an adjusted price by applying an unspecified "surcharge" to reduce the purported posted price;

n. Whether Chevron incorrectly calculated and applied an adjustment to the "posted available market price" for the weighted average specific gravity of the oil produced;

o. Whether Chevron impermissibly applied a multi-oil company, monthly average gravity reduction factor for a different well and field, in lieu of Chevron's daily, posted gravity reduction factor for the subject wells;

p. Whether Chevron improperly calculated and applied an adjustment to reduce Royalty payments for taxes assessed against the petroleum minerals due to the severance taxes (or other tax based upon the value of oil produced);

q. Whether Chevron improperly calculated and applied cost adjustments to reduce Royalty payments for natural gas and electricity used in production;

r. Whether Chevron falsely manipulated market prices for the sale of the subject oil, gas, and other hydrocarbons and/or falsely inflated production energy costs, through non-arm's length transactions, thereby falsely reducing royalty payments;

s. Whether Chevron concealed the impermissible reduction of royalty payments from the Class Members through false and misleading statements; and

t. Whether Chevron violated their duty to properly account and pay Royalties to Royalty Owners on Oil, Gas or other hydrocarbons.

43. Plaintiff and Class Members have suffered damages as a result of Chevron's wrongful conduct. Because the size of the claims of the individual Class Members are relatively small, few, if any, Class Members can afford to seek legal redress for the wrongs complained of herein. Moreover, Chevron has fraudulently concealed their actions which give rise to Plaintiff and the Class Members' causes of action. Many of the Class Members may never discover the wrongful acts of Chevron. A class action is, therefore, superior to other available methods for the fair and efficient adjudication of this controversy. Trial of Plaintiffs and the Class Members' claims is easily manageable.

44 . The persons in the Class are so numerous that disposition of their claims in this case and as part of a single class action lawsuit, rather than numerous individual lawsuits, will benefit the parties and greatly reduce the aggregate judicial resources that

would be spent.

45. Plaintiff knows of no difficulty that will be encountered in the management of this litigation, which would preclude its maintenance as a class action.

46. Chevron has acted on grounds generally applicable to the entire Class, thereby making formal injunctive relief or corresponding declaratory relief appropriate with respect to the Class as a whole. Prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class that would establish incompatible standards of conduct for the Defendants.

47. Without a class action, Defendants will likely retain the benefit of their wrongdoing and will continue a course of action, which will result in further damages to Plaintiff and the Class.

BREACH OF CONTRACT

48. Plaintiff re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this complaint, as though fully set forth herein.

49. Defendants are responsible for payment of Royalties to Plaintiff and the other members of the proposed Class attributable to production and sale of Oil, Gas and other hydrocarbons produced from individual wells on the relevant Leases and sold by Chevron.

50. Defendants have failed, and continue to fail, to timely pay the full Royalties owed as measured by the actual production of oil, gas and hydrocarbons on Leases whereby Chevron has leased the right to explore for, drill for, produce, extract and

take oil, gas and other hydrocarbons from the leased land.

51. The royalty payment provisions under the Class Members' royalty agreements are uniform or substantially uniform in all respects relevant to this complaint. Further, Chevron pays and has paid all Oklahoma leaseholders Royalties in the same standard method without regard to the particular terms in the royalty agreements.

52. Chevron's payment practices ignore the terms of the royalty agreements. Therefore, Defendants have waived and are estopped from asserting that distinctions in the agreements, including but not limited to any Royalty clauses, vary Defendants' obligations to pay the subject Royalties.

53. Chevron's persistent and regular practices alleged herein constitute material breaches of the Royalty Agreements to which Chevron is bound. Chevron's breaches of contract include, but are not limited to: (a) the failure to record, report, calculate and pay Royalties based on the actual gross production; (b) the failure to record, report, calculate and pay royalties based upon daily production volumes; (c) the incorrect calculation and application of the customary adjustments for temperature, water, and basic sediment; (d) impermissible adjustments to falsely reduce gross production volumes and Royalties payments; (e) the failure to report, calculate, and pay royalties based upon the posted available market price at the well for oil of like gravity on the day the oil is so removed; (f) impermissibly calculating and paying royalties based on un-weighted monthly average pricing and gravity reduction factor, in lieu of applying the posted price and gravity reduction factor effective on the actual date of removal of oil; (g) impermissibly calculating and paying royalties based on an un-weighted average of other

oil companies' monthly average posted prices and gravity reduction factors at other wells, in lieu of applying Chevron's actual posted price and gravity reduction factor at the subject well; (h) impermissibly calculating and paying royalties based on a price substantially lower than the actual invoiced market prices charged to purchasers of the subject oil; (i) impermissibly calculating and paying royalties based on an adjusted price by applying an unspecified "surcharge" to reduce the purported posted price; (j) incorrectly calculating and applying an adjustment to "posted available market price" for the weighted average specific gravity of the oil produced by, among other ways, applying a multi-oil company, monthly average gravity reduction factor for a different well and field, in lieu of Chevron's daily, posted gravity reduction factor for the subject well; (k) applying an impermissible adjustment to reduce royalty payments for taxes other than those assessed against the petroleum minerals and petroleum mineral rights or severance taxes (or other tax based upon the value of oil and gas produced); (1) improperly calculating and applying the adjustment to reduce royalty payments for taxes assessed against the petroleum minerals and severance taxes (or other tax based upon the value of oil or gas produced); (m) improperly calculating and applying cost adjustments to reduce royalty payments for natural gas and electricity used in production; (n) entering non-arm's length transactions for the purchase and sale of oil, gas, and other hydrocarbons from the subject wells and leases, thereby falsely manipulating and concealing the true market price and improperly reducing royalty payments; (o) entering non-arm's length transactions for the purchase of energy, including oil, gas, and/or other hydrocarbons used in production at the subject wells and leases, thereby falsely manipulating and concealing the true cost of such production energy and improperly reducing royalty payments; and (p) engaging in a fraudulent plan and scheme to conceal the true methodology for determination and payment of royalty payments by providing false and misleading monthly remittance statements and/or preparing and providing false and misleading audit documentation; and (q) failing to timely pay the royalty interest owners for their correct share of production.

54. The above-described conduct constitutes violations and breaches of the obligations which Defendants owe to Plaintiff and all Class Members under their Leases.

55. The breaches were done intentionally to increase profits for Chevron and reduce the economic cost of the Royalties, thereby proximately and directly causing Plaintiff and all Class Members to incur actual damages.

56. Chevron's breaches of its contractual obligations were carried out secretly. Chevron has had actual knowledge of its contractual obligations and breaches, but has taken steps to conceal those breaches from Plaintiff and other Class Members. In this regard, Chevron has, among other things, uniformly provided Plaintiff and other members of the Class with uninformative, false, and misleading monthly remittance statements that fail to disclose any information about, among other things, the reduction in the royalties due to its retention of oil or the underreporting of gross production volume and failure to calculate and pay royalties based on the actual gross production volumes, and the failure to calculate and pay royalties based on agreed pricing terms, in violation of the governing Leases.

57. Plaintiff and each member of the Class are entitled to recover damages and

other appropriate relief for the foregoing contractual breaches.

BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING

58. Plaintiff re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this complaint, as though fully set forth herein.

59. The Plaintiff and Class Members, on the one hand, and Defendants, on the other, are in contract with one another concerning the obligation for payment of Royalties. Every contract imposes the duty of good faith and fair dealing upon the parties in performance and enforcement of the contract.

60. Chevron has acted in bad faith by not giving equal consideration to the interests of the Plaintiff and Class Members as they have their own interests. Chevron has wrongfully and intentionally breached the duty of good faith by denying Plaintiff and Class Members the benefits to which they are entitled under the Leases.

61. Chevron’s breaches of the covenant of good faith and fair dealing have proximately and directly caused damages to Plaintiff and the Class Members.

FRAUD, DECEIT AND FRAUDULENT CONCEALMENT

62. Plaintiff re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this complaint, as though fully set forth herein.

63. Chevron's acts and omissions set forth constitute fraudulent misrepresentations, self-dealing and the purposeful and fraudulent concealment of material information to the ultimate detriment of Plaintiff and the Class Members, who relied upon Defendants' fraudulent statements and omissions.

64. As a result of Chevron's conduct set forth herein, Plaintiff has suffered and

will continue to suffer economic loss in an amount to be proven at trial.

65. Chevron's acts were done maliciously, oppressively, and with intent to defraud, and Plaintiff is entitled to punitive and exemplary damages in an amount to be proven at trial. Chevron's officers, directors, and managing agents were personally guilty of malice, fraud, and oppression and/or had advance knowledge and consciously disregarded, authorized, and/or ratified the wrongful acts of malice, fraud, and oppression by their agents and employees.

BREACH OF FIDUCIARY DUTY

66. Plaintiff re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this complaint, as though fully set forth herein.

67. As the operator of the units in which the Leases are included, as the lessee under the Leases, based on the undertakings to provide continuing operational, accounting and reporting services to Plaintiff and the Class Members, Defendants occupy the position of a fiduciary for Plaintiff and the Class and owe fiduciary obligations to Plaintiff and the Class Members. The acts and omissions of Chevron described herein violate such fiduciary obligations to Plaintiff and the Class Members.

68. As a result of Chevron's conduct set forth herein, Plaintiff has suffered and will continue to suffer economic loss in an amount to be proven at trial.

69. Chevron’s acts were done maliciously, oppressively, and with intent to defraud, and Plaintiff is entitled to punitive and exemplary damages in an amount to be proven at trial. Chevron’s officers, directors, and managing agents were personally guilty of malice, fraud, and oppression and/or had advance knowledge and consciously

disregarded, authorized, and/or ratified the wrongful acts of malice, fraud, and oppression by their agents and employees.

CONVERSION

70. Plaintiff re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this complaint, as though fully set forth herein.

71. Under the Leases with Plaintiff and Class Members, and pursuant to the undertakings of Chevron to provide information and properly calculate, account for and pay Royalties on Oil, Gas and other hydrocarbons produced and sold pursuant to the Leases, Chevron was obligated to properly sell and account for all Oil, Gas, and other hydrocarbon proceeds attributable to the interests of Plaintiff and Class Members. Chevron, however, failed to meet its obligations, and instead took wrongful possession of, sold and used the Oil, Gas and other hydrocarbons for their own account, and wrongfully received and retained monies that were owed to and owned by Plaintiff and the Class Members.

72. Chevron's conduct constitutes an unlawful conversion of the production that is attributable to Plaintiffs and the Class Members' ownership interests ·and the sales proceeds derived from said production attributable to Plaintiffs and the Class Members' interests. Plaintiff

and the Class Members are entitled to receive from Defendants an amount of money equal to the true and proper Royalties they should have received for the sale of the Oil, Gas and hydrocarbons but for the acts and omissions of Chevron.

73. As a result of Chevron's conduct set forth herein, Plaintiff has suffered and

will continue to suffer economic loss in an amount to be proven at trial.

74. Chevron's acts were done maliciously, oppressively, and with intent to defraud, and Plaintiff is entitled to punitive and exemplary damages in an amount to be proven at trial. Chevron's officers, directors, and managing agents were personally guilty of malice, fraud, and oppression and/or had advance knowledge and consciously disregarded, authorized, and/or ratified the wrongful acts of malice, fraud, and oppression by their agents and employees.

UNJUST ENRICHMENT

75. Plaintiff re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this complaint, as though full set forth herein.

76. Defendants have been unjustly enriched as a result of Chevron’s withholding Royalties owned to Plaintiff and Class Members. Consequently, Chevron has unfairly, improperly and unreasonably received a benefit to the detriment and expense of Plaintiff and Class Members.

77. As a result, Plaintiff and Class Members are entitled to recover the value of the benefit conferred as damages.

ACCOUNTING

78. Plaintiff re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this complaint, as though fully set forth herein.

79. Chevron and Plaintiff and Class Members are in a relationship where Chevron pays Plaintiff and Class Members their Royalties based on the proceeds of production from wells on land which is leased from Plaintiff and Class Members.

80. Chevron has a duty to properly report, account for and distribute Plaintiff and Class Members' Royalties.

81. Defendants have almost exclusive control over and access to the information related to Plaintiff and Class Members' Royalties Interests. Thus, Defendants are in a position to know whether the amounts they have paid to Plaintiff and Class Members are appropriate. To the extent that Plaintiff and the Class Members have any information or right of access to any information related to the determination of the subject royalty payments, Chevron has engaged in a fraudulent plan and scheme to conceal the true methodology for determination and payment of royalty payments by providing false and misleading monthly remittance statements, failing to permit audit by lessors, obstructing any audit by lessors, and/or preparing and providing false and misleading audit documentation.

82. As alleged above, a dispute exists between Plaintiff and Defendants respecting Chevron's performance of its obligations under the Leases between the parties and the manner and method by which Defendants are entitled to calculate Royalties paid and payable to Plaintiff and Class Members.

83. Defendants have failed to provide access to the books kept by Defendants in relation to the amount and character of the production from the leased land and disposition thereof as well as copies of logs of all wells drilled by Defendants on Plaintiffs leased land. Accordingly, it is necessary and appropriate for this Court to order an accounting of the ·current and historic method by which Defendants calculate and pay royalties, in whole or in part, to Plaintiff and members of the Class.

84. Accordingly, Plaintiff demands an accounting regarding the amount of Oil, Gas and other hydrocarbons produced from individual wells on the relevant Leases, as well as the gathering systems and comparing said amount of Oil, Gas and other hydrocarbons to the amounts sold by Defendants.

85. Plaintiff further demands an accounting regarding other matters necessary to determine whether Royalties been fully and fairly paid. These other matters include but are not limited to, the methodology by which Defendants determine pricing and calculate the Royalties.

DECLARATORY RELIEF

86. Plaintiff re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this complaint, as though fully set forth herein.

87. As alleged above, an actual controversy exists between the parties regarding their respective rights and obligations with respect to the calculation, payment, and reporting of royalties under the law and the Leases.

88. Plaintiff requests a declaration of the parties' respective rights and obligations with respect to the foregoing.

89. The Court has equitable jurisdiction, co-extensive with its authority to render a declaratory judgment, to issue an injunction to enforce that declaratory judgment. Plaintiff requests that the Court issue an appropriate injunction, compelling defendants, and each of them, to implement appropriate policies and procedures to prevent further violation of the law and Leases with respect to the calculation, payment, and reporting of royalties.

FAILURE TO TIMELY PAY ROYALTY INTERESTS

90. Plaintiff re-alleges and incorporates by reference the allegations continued in the preceding paragraphs of this complaint, as though fully set forth herein.

91. Defendants have not paid interest at the rate of 12% APR to the Plaintiffs for their royalty interest which was not paid timely as required by 52 Okla Stat. §570 and the Plaintiffs have been further damaged and are entitled to recover such interest through the date of payment.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

1. Certification of the proposed Class and notice thereto to be paid by Defendants;
2. For damages, restitution, and all other appropriate legal and equitable relief;
3. For pre-judgment, statutory and post-judgment interest;
4. For an accounting and declaratory relief, as requested herein;
5. For punitive and exemplary damages, as requested herein;
6. For reasonable attorneys' fees and litigation expenses;
7. For appropriate injunctive relief;
8. For costs of suit herein; and
9. For such further relief as this Court may deem just and proper.

REQUEST FOR A JURY TRIAL

Plaintiff hereby demands a trial by jury on all cause of action so triable.

GARVIN, AGEE, CARLTON & MASHBURN, P.C.

By__*s/Alan Agee* ________________________
AlanAgee, OBA #158
PO Box 10
Pauls Valley, OK 73075-0010
Telephone: (405) 238-1000
Facsimile: 405-238-1001
alan.agee@gacmlaw.com
Attorneys for plaintiff Mary Katherine Harris, Individually and on Behalf of All Others Similarly Situated

CERTIFICATE OF SERVICE

I hereby certify that on March 11, 2015 , I electronically transmitted the foregoing document to the Clerk of Court using the ECF System for filing and transmittal of a Notice of Electronic Filing to the following ECF registrants:

Mark D. Christiansen

Patrick L. Stein

_*s/Alan Agee*________________________
Alan Agee